Illinois Department of Revenue

Electronic Return Procedures

DRAFT
12/9/05

IL-1345

Tax Year 2005

Table of Contents

Part 1: The following sections (excluding footnotes) are a transcript of the 86 Illinois Administrative Code, Ch. I, Sec. 105, consistent with our recently proposed rulemaking.

Page

Authority: Implemented and authorized by the Illinois Income Tax Act, Ill. Rev. Stat. 1991, ch. 120, par. 1-101 et seq., as amended by P.A. 87-879 [35 ILCS 5/101 et seq.].

Source: Emergency rules adopted at 17 Ill. Reg. 445, effective January 1, 1993, for a maximum of 150 days; adopted at 17 Ill. Reg. 7031, effective May 3, 1993; amended at 17 Ill. Reg. 18118, effective October 4, 1993; emergency amendment at 19 Ill. Reg. 1139, effective January 18, 1995, for a maximum of 150 days; emergency expired July 3, 1995; amended at 21 Ill. Reg. 2362, effective February 3, 1997; amended at 24 Ill. Reg. 6582, effective April 10, 2000; amended at 24 Ill. Reg. _____, effective _____.

Part 2:

Part 3:

Part 1
Subpart A: Electronic Returns

Section 105.100

Composition of an Electronic Return

a) Except as provided in d), an electronic return consists of data transmitted to the Department electronically, and paper documents that contain information which cannot be electronically transmitted or are requested for verification; for example, taxpayer signatures and Forms W-2.[1] In total, electronic returns contain the same information as traditionally filed paper documents.

b) The following forms and schedules can be transmitted electronically:
   1) IL-1040, Illinois Individual Income Tax Return,
   2) Schedule M, Other Additions and Subtractions
   3) Schedule NR, Nonresident and Part-Year Resident Computation of Illinois Tax (Individual),
   4) Schedule ED, Credit for K-12 Education Expenses,
   5) Schedule CR, Credit for Tax Paid to Other States,
   6) Form IL-4562, Special Depreciation
   7) W-2, Wage and Tax Statement,
   8) W-2G, Statement for Certain Gambling Winnings,
   9) 1099-R, Total Distributions from Profit-sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc.,
   10) US 1040, or 1040A, US Individual Income Tax Return, and
   11) US Schedule B, or Schedule 1, Interest and Dividend Income.

c) The non-electronic portion of the return consists of the following:
   1) Form IL-8453, Illinois Individual Income Tax Electronic Filing Declaration; required for all electronic returns (see Subpart E of this Part),
   2) Copy 2 of Forms W-2, W-2G, or 1099-R that would normally be attached to the front of a paper return. These must be attached to the front of Form IL-8453,[2]
   Note: Substitute wage and tax statement forms (US 4852 or IL-4852) cannot be submitted in lieu of Forms W-2, W-2G, and 1099-R.[3]
   3) Required support of IL-1040 line entries for other additions or military pay subtraction, and other information documents that are voluntarily being included with the return by the taxpayer as supporting material. These documents must be attached to the **back** of Form IL-8453,
   4) Copies of the "other" state individual income tax return(s) that would normally be attached to a paper IL-1040 as support for Schedule CR. These documents must be attached to the back of Form IL-8453,

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1 An electronic return may also be transmitted to the IRS through the federal/state program.
2 It is **not** acceptable to submit forms W-2, W-2G, or 1099-R generated from the tax information on the ERO's computer with Form IL-8453.
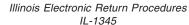3 See Section 105.110, Exclusions from Electronic Filing.

Section 105.100 (cont.)

5) A copy of the paper tax return signed by the paid preparer when the electronic filer transmits a return that was prepared by another tax preparer. This must be attached to the back of the IL-8453, and

6) Form IL-1310, Statement of Person Claiming Refund Due a Deceased Taxpayer. This must be attached to the back of Form IL-8453.

d) For purposes of IL-1040 electronic filing, an on-line electronic return consists of data transmitted to the Department electronically as described in b). In addition, an on-line electronic return must include an alternative signature. If married filing jointly, the return must also contain an alternative signature for the taxpayer's spouse. The alternative signature is used as the taxpayer signature in lieu of the signature on Form IL-8453. No paper Form IL-8453 is required to be completed for an on-line return. An alternative signature may be any of the following:

1) The Illinois Personal Identification number (IL-PIN) assigned to the taxpayer by the Department;

2) The Illinois driver's license or Illinois identification number;

3) The adjusted gross income amount from the prior year IL-1040 return, or;

4) The nine-digit zip code from the taxpayer's most current address on file at the Department.

Section 105.110

Exclusions from Electronic Filing

The following types of returns are excluded from electronic filing:

a) Returns from individuals or firms who have not been accepted as electronic return originators or transmitters. (See Section 105.200)

b) Returns requiring forms or schedules not listed in Section 105.100(b). These exclusions can be identified by amounts on the following IL-1040 return lines:

1) Other Subtractions (limited entries accepted) [4]

2) Credit for Taxes Paid to Other States (limited states accepted) [5]

3) Tax Credits from Schedule 1299-C [6]

4) IL-2210 Penalty (limited use) [7]

c) Returns that include Internal Revenue Service (IRS) or Illinois forms 4852, or any other substitute wage and tax statement used to verify withholding;

d) Returns that require attachments other than IRS Form 1040 or 1040A, Page 1, to verify IL-1040 subtractions for federally taxed retirement and Social Security;

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[4] Line 9
[5] Line 19
[6] Line 23
[7] Line 27

Section 105.110 (cont.)

e) Returns that require attachments other than IRS Schedule B or Schedule 1, to verify IL-1040 subtractions for U.S. government obligations;

f) For on-line returns only, decedent returns, including joint returns filed by surviving spouses;

g) Fiscal year returns;

h) Prior year returns;

i) Amended or corrected returns;

j) Returns with dollars and cents entries (only whole dollar amounts will be accepted);

k) Returns containing more than:

1) 1 Schedule M
2) 1 Schedule NR
3) 1 Schedule ED
4) 1 Schedule CR
5) 1 Form IL-4562
6) 50 W-2s
7) 30 W-2Gs
8) 20 1099-Rs
9) 30 federal statements; and

l) On-line returns of individual taxpayers that do not have an alternative signature.

Section 105.120

Where to Send Electronic Returns

a) Electronic IL-1040 returns will be transmitted to the electronic filing system at the Illinois Department of Revenue in Springfield, Illinois.[8]

b) When requested, Forms IL-8453 and attachments for accepted electronic IL-1040 returns must be mailed to:

Regular Mail
ILLINOIS DEPARTMENT OF REVENUE
ELECTRONIC FILING DIVISION
PO BOX 19479
SPRINGFIELD IL 62794-9479

Overnight Mail
ILLINOIS DEPARTMENT OF REVENUE
ELECTRONIC FILING DIVISION 2-249
101 W JEFFERSON ST
SPRINGFIELD IL 62702

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[8] An electronic return may also be transmitted to the IRS through the federal/state program.

Subpart B: Electronic Filing Participants

Section 105.200

Categories of Electronic Filers

a) "Electronic filer" is a term referencing all participants **accepted** in the program. An electronic filer may be included in one or more of the categories defined in b) through e).

b) Electronic Return Originator (ERO) - a firm, organization, or individual who deals directly with the taxpayer and who:

   1) Prepares a tax return or collects a prepared tax return for the purpose of having an electronic return produced; and

   2) Obtains the taxpayer's signature on Form IL-8453, Individual Income Tax Electronic Filing Declaration.

c) Transmitter - a firm, organization, or individual who transmits electronic returns directly to the Department's electronic filing system.[9] A transmitter may accept returns from electronic filers, or from individual taxpayers who use on-line electronic filing software (commercially purchased or available through an internet site).

d) Software Developer - writes software for the purpose of:

   1) Formatting returns to conform with the Department's electronic return specifications;[10] and/or

   2) Transmitting electronic returns directly to the Department's electronic filing system.[10]

   3) A software developer may produce software made available to electronic filers, or to individual taxpayers for on-line electronic filing (through commercial purchase or an internet site).

e) Intermediate Service Provider - processes return information received from EROs or from individual taxpayers who use on-line electronic filing software (commercially purchased or available through an internet site). An intermediate service provider may forward the return information to a transmitter, or send it back to the ERO or taxpayer.

Section 105.220

Ways to Participate in Electronic Filing

Electronic filers can choose to perform all the functions associated with electronic filing and be electronic return originators, transmitters, and software developers or they can choose to use the services of another accepted electronic filer (third party) to participate in the electronic filing program. For example:

a) An electronic return originator can prepare the tax return, or take prepared tax returns for the purpose of having electronic returns produced.

b) An electronic return originator can develop software to format return information to conform with the

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9   This also includes transmitters in the IRS Federal/State Electronic Filing Program who retrieve acknowledgments directly from the department's electronic filing system.

10 This also includes software developers in the IRS Federal/State Electronic Filing Program who write software for formatting, or retrieving acknowledgments directly from the department's electronic filing system.
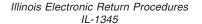
Section 105.220 (cont.)

Department's specifications (software developer), purchase a software product to perform this function, or use an intermediate service provider to perform this function.

c) An electronic return originator can write the software to transmit the formatted returns (software developer), purchase a software product to transmit (transmitter), or use a third-party transmission service that transmits.
Note: An electronic return originator who transmits through a third party is not categorized as a transmitter.

Section 105.230

Responsibilities of Electronic Filers

a) All electronic filers must comply with the requirements and specifications set forth in this Part and, if applicable, IL-1346.

b) Electronic filers can only accept returns for electronic filing directly from the taxpayer, or from other electronic filers who have been accepted in the Illinois electronic filing program.[11]

c) Electronic filers who collect prepared tax returns for electronic filing must treat each such collection or drop-off point (physical location) for electronic returns as a separate entity that must submit an application and be accepted as an electronic filer. Each entity will be treated as an electronic return originator and have the same responsibilities.

d) Electronic filers who charge a fee for the electronic transmission of the return must not base the fee on a percentage of the refund amount. Electronic filers must not charge a separate fee for direct deposit.

e) Electronic filers must not stockpile returns for electronic transmission prior to receiving official acceptance into the program or at any time while participating in the program.

f) Electronic filers must submit a revised application to the Department to update the information contained on their most current application (Form IL-8633-I, Application to File Illinois Individual Income Tax Returns Electronically) when there are changes such as:

1) the firm name or doing business as (DBA) name(s),

2) any electronic or mailing address, telephone or contact representative,

3) the electronic filing functions performed, or

4) the organization's ownership.

g) Electronic filers must ensure electronic returns are filed in a timely manner. The receipt date of the electronic transmission will constitute the receipt date of the return if it is acknowledged as accepted by the Department. Any

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[11] If there is any doubt whether an individual or firm using your services has been accepted by the department to participate in electronic filing, call 217 785-5739 for verification.

Section 105.230 (cont.)

return acknowledged as rejected by the Department will be considered not filed. In order to be timely filed, a return must be received by April 15. Any late-filed electronic returns transmitted to the Department must be received prior to midnight on April 22.[12] The Department's electronic filing system will not accept return transmissions after that time. However, the electronic filing system will be available for the transmitter to retrieve acknowledgment files through April 29.[12] Any return filed on April 22[12] and not acknowledged as accepted must be filed on paper.

h) Electronic filers must immediately contact the Office of Electronic Filing if an acknowledgment has not been available after 36 hours from the transmission of the return.

i) Electronic filers cannot recall or intercept electronically filed IL-1040 returns after the returns have been acknowledged as accepted. If the electronic filer or the taxpayer wishes to change any entries after a return has been accepted, a paper amended return, Form IL-1040-X, must be filed with the Department. (Also see 86 Ill. Adm. Code 100.9400(f)(3).)

j) Electronic filers who function as electronic return originators as defined in Section 105.200(b) must:

1) Comply with the procedures for securing Form IL-8453, Taxpayer Declaration, as outlined in Subpart E of this Part;

2) Input and transmit the taxpayer's address from Forms W-2, W-2G, and 1099-R (or any other transmitted form) if the address is different than the taxpayer's address in the electronic portion of the IL-1040;

3) Furnish copies of the signed Form IL-8453 and non-electronic portion of the electronic IL-1040 returns to the taxpayers and advise them of the information in Subpart G of this Part;

4) Furnish every taxpayer that has a balance due return with Form IL-1040-V, IL-1040 Payment Voucher for Individual Income Tax;

5) Inform every taxpayer that has a balance due return that it is the responsibility of every taxpayer to make full and timely payment of any tax that is due. Failure to make full payment of any tax that is due on or before April 15 will result in the imposition of interest and penalties;

6) Retain the following material until December 31 of the filing year, unless otherwise notified by the Department:

A) Copies of all the material furnished to the taxpayers;

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[12] The department will accept returns through October 15. Any return not acknowledged as accepted by this date must be filed on paper.
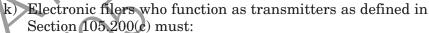
Section 105.230 (cont.)

B) A copy of any signed Form IL-8453, including all required attachments, mailed to the department as defined in Section 105.100(c);

C) Copies of the electronically transmitted material as defined in Section 105.100(b). These copies may be retained on magnetic media; and

D) The acknowledgment files received from the Department or from third-party transmitters. These files may be retained on magnetic media.

*Note***:** Electronic return originators who are also paid preparers of the electronic tax return must retain materials as required by the Illinois Income Tax Act (IITA).

7) Identify the paid preparer in the appropriate fields of the electronic IL-1040 return, and ensure the paid preparer's signature is included on (or with) the Form IL-8453.

k) Electronic filers who function as transmitters as defined in Section 105.200(c) must:

1) Transmit electronic IL-1040 returns and retrieve acknowledgment files in a timely manner. Acknowledgment files will normally be available within 24 hours after transmission.[13] If the acknowledgment files are not retrieved within five days, the Department will contact the transmitter;

2) Match the acknowledgment files to the original transmission files. Returns acknowledged as accepted will be considered filed returns. Returns acknowledged as rejected must be corrected and retransmitted, if possible. Returns that cannot be retransmitted must be filed on paper Form IL-1040;

3) Contact the Office of Electronic Filing for assistance if returns have been rejected after three attempts, or if acknowledgments are received for returns that were not in the original transmissions;

4) Ensure the security and confidentiality of all transmitted data;

5) Not use software that has a Department assigned production password built into the software;

6) Follow the instructions provided in Subpart H of this Part, Transmission Procedures; and

7) Retain copies of all the acknowledgment files received from the Department. These may be retained on magnetic media. This material should be retained until December 31 of the filing year unless notified otherwise by the Department.

l) In addition to the provisions of k), transmitters who are transmitting on-line electronic returns must:

[13] Acknowledgment files for returns retrieved from the IRS will normally be available within 24 hours of retrieval.

Section 105.230 (cont.)

1) Ensure that they do not transmit, or accept for transmission, more than five on-line returns originating from one software package or from one e-mail address;

2) Ensure that they use only an EFIN or ETIN assigned for use in on-line filing when transmitting on-line returns, and that each on-line return contains an on-line EFIN;

3) Ensure that they do not combine, within the same transmission file to the Department, on-line electronic returns with traditional electronic returns;

4) Enter the letter "O" in the Trans Record "A" as the "Transmission Type Code" when transmitting on-line returns directly to the Department; or enter the letter "O" in Field Number "0049" of the "Indicators Section" in the "Generic Record" when transmitting on-line returns to the IRS for Federal/State Electronic Filing;

5) Include the taxpayer alternative signature in the on-line electronic return. Married filing joint returns must include both the primary and spouse alternative signature. Returns received without the alternative signature will be rejected;

6) Match acknowledgments to original returns transmitted, and notify the taxpayer of the status of the on-line return. This must be done either through electronic means within two work days of acknowledgment retrieval, or by mailing written notification within one work day of acknowledgment retrieval;

7) Notify the taxpayer of acceptance or rejection by the Department of an on-line electronic return. If accepted, the transmitter must provide the taxpayer the date of acceptance and the DCN of the return. If rejected, the transmitter must provide the taxpayer the date of rejection, what the reject code(s) mean, and how the taxpayer can correct the error(s). In addition, the taxpayer must be instructed to file a paper return if they choose not to correct the return and retransmit, or if the return is excluded from electronic filing; and

8) Retain copies of the electronically transmitted material as defined in Section 105.100(b) until December 31 of the filing year. These copies may be retained on magnetic media.

m) Transmitters who provide transmission services to other electronic filers must also:

1) Accept electronic IL-1040 returns for transmission only from electronic filers accepted in the Illinois program; and

2) Provide each of their clients with the acknowledgment files for their transmitted returns within 24 hours after receipt of the acknowledgments from the Department. Failure to comply could lead to suspension from the program (See Section 105.1010).

n) Electronic filers who function as software developers as defined in Section 105.200(d) must:

Section 105.230 (cont.)

1) Correct software errors that cause electronic returns to be rejected. Correct these errors quickly to ensure the timely transmission of electronic returns;

2) Expeditiously distribute corrections to all users of these products;

3) Ensure that if their software products will be used for transmitting by multiple electronic filers at the same time, their software has the capability of combining returns from these electronic filers into one Department transmission file, taking into account the Declaration Control Number assignments and requirements specified in Section 105.510; and

4) Not incorporate into its software a Department assigned production password.

o) In addition to the provisions of n), software developers who write software for on-line electronic filing must:

1) Provide assistance as needed to taxpayers using their software;

2) Ensure that the software package cannot be used to transmit more than five on-line electronic returns;

3) Ensure that the software, if available through an internet site, cannot be used to file more than five on-line electronic returns from one e-mail address;

4) Ensure that the software informs taxpayers that an alternative signature must be provided in the return by the taxpayer, in order to file an Illinois on-line electronic return. If an on-line return is received without the alternative signature, it will be rejected by the Department;

5) Ensure that the software contains Form IL-1040-V, IL-1040 Payment Voucher for Individual Income Tax, that can be printed and used by the taxpayer to make payment to the Department. In addition, the software must inform the taxpayer that it is the responsibility of every taxpayer to make full and timely payment of any tax that is due. Failure to make full payment of any tax that is due on or before April 15 will result in the imposition of interest and penalties;

6) <u>Ensure that the software informs taxpayers that electronic funds withdrawal is available for Illinois payments from electronic returns;</u>

Section 105.230 (cont.)

7) 6) Ensure that the software informs taxpayers that direct deposit is available for Illinois refunds from electronic returns, and that direct deposit information transmitted cannot be rescinded or changed after the on-line return is accepted by the department;

8) 7) Ensure that if the taxpayer selects direct deposit or electronic funds withdrawal, that the routing transit number (RTN) of the financial institution designated by the taxpayer meets specific criteria. The RTN must contain nine digits, and the first two digits must fall within the valid ranges of 01 through 12 or 21 through 32;

9) 8) Ensure that the software contains an on-line consent to disclosure statement equivalent in content to the taxpayer declaration from Form IL-8453. The statement must include direct deposit or electronic funds withdrawal authorization, as applicable. The software must prompt the taxpayer to provide their alternative signature as signature to the statement. The taxpayer alternative signature is used in lieu of the written taxpayer signature on Form IL-8453, which is not required for an on-line electronic return. The alternative signature must be included within the on-line electronic return;

10) 9) Provide an Internet link from their software to the Department's web site address for taxpayers to obtain their alternative signature. The address will be provided in the IL-1346, Illinois Electronic Return File Specifications and Layouts; and

10) For taxpayers who owe a balance due on their on-line electronic return, provide an Internet link from their software to the Department's Web site address for taxpayers to obtain information regarding their electronic payment options. The address will be provided in the IL-1346, Illinois Electronic Return File Specifications and Layouts.

Subpart C: Applications

Section 105.300

General Information

a) New applicants must submit application Form IL-8633-I and a copy of their IRS approval letter.

b) Use only the official Form IL-8633-I or a substitute form that duplicates the application in format, language, content, color and size.

Section 105.310

Where to Apply

Applications should be sent to:[14]

ILLINOIS DEPARTMENT OF REVENUE
CENTRAL REGISTRATION DIVISION
PO BOX 19030
SPRINGFIELD IL 62794-9030

Section 105.320

Who Must Apply

a) All organizations or individuals must submit an application to participate in the program. Applications that are incomplete or improperly signed will be returned to the applicants. The Department reserves the right to limit electronic filing applicants.

b) All applications must be signed by a firm official or person authorized to act for the firm in legal and/or tax matters. The name, title and social security number of this person must appear on the application.

c) Applications should be submitted as early as possible to allow the Department time to process the applications prior to the beginning of the electronic filing period.

Section 105.330

Who Does Not Need to Apply

a) Equipment manufacturers or software firms that provide products that are not used exclusively for electronic filing (*e.g.*, someone who provides a 3780 protocol converter, a modem manufacturer, a PC manufacturer, etc.) do not need to apply.

b) Telecommunication networks that do not provide a product exclusively used for electronic filing do not need to apply.

Section 105.340

EFIN and ETIN Assignments

a) The Department will require the participants in this electronic filing program to be participants in good standing in the IRS program.

1) The IRS assigns each applicant an Electronic Filing Identification Number (EFIN). This same EFIN will be used in the Illinois program and must be included on the application. An Illinois EFIN will be assigned upon special request.

2) The IRS assigns an Electronic Transmitter Identification Number (ETIN) and a password to each software developer and transmitter. This same ETIN will be

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[14] See General Information for overnight mail address.

Section 105.340 (cont.)

used in the Illinois program and must be included on the application. However, a separate password will be issued by Illinois.

   3) The EFINs, ETINs and Illinois passwords cannot be transferred and must be kept secure.

b) The ETIN and Illinois password allow access to the Department's electronic filing system and identify the transmitter. During the testing phase, a test password will be assigned that allows access only to the test environment. A different password will be assigned for production transmission.

c) Participants functioning solely as software developers will only be allowed to use their ETIN in the test environment. They will only be assigned a test password. This ETIN and password will not be accepted in the production environment.

Subpart D: Acceptance Process

Section 105.400

General Information

a) Acceptance to participate in the program will be granted to qualifying applicants by the Department. Applicants will be notified of acceptance or denial after processing of the application form is completed (see Section 105.410). A copy of the applicant's IRS approval letter must accompany application Form IL-8633-I.

b) Acceptance of a software firm also requires passing the Illinois Participant Acceptance Testing System (IPATS) (see Section 105.450).

Section 105.410

Suitability Checks

a) Suitability checks will be performed on all applicants.

b) The Department will complete the suitability check as soon as possible. Until an applicant passes suitability, returns cannot be transmitted.

c) If an applicant is denied, the Department will send a letter explaining the reasons for denial. If an applicant who was denied attempts to transmit returns, all returns will be rejected.

d) Listed below are some reasons that an applicant may be denied acceptance into the program:
   1) Failure to pass the IRS suitability checks;
   2) Failure to file accurate and timely tax returns, both business and personal;
   3) Failure to pay any State of Illinois personal or business tax liability, penalty, or interest; and
   4) Material misrepresentation on any application.

Section 105.420

Who Must Test

a) All software developers whose software formats tax returns, or transmits return information directly to the Department's electronic filing system, must pass the IPATS test. [15] (See Section 105.450.)

b) Applicants who are not software developers do not need to test.

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[15] This also includes software developers in the IRS Federal/State Electronic Filing Program who write software for formatting, or retrieving acknowledgments directly from the department's electronic filing system.

Section 105.430

What Must Be Tested

a) The Department will make available the IL-1347, Illinois Electronic Filing Test Package, to all software developers who are required to test. The test package contains income tax situations which provide Illinois schedules, forms and IL-1040 information. All calculations and forms must be completed, formatted, and transmitted to the Department.[16]

b) Software developers must use this test package and must be tested on all forms and schedules. They must successfully complete test transmissions of these forms before they are accepted into the program.[17]

Section 105.440

Where to Test

a) Software developers must test with the Department's Springfield office.

b) Applicants should contact the Office of Electronic Filing when they are ready to test.
Note: To avoid any delay in testing, contact the Office of Electronic Filing at least 24 hours before the initial test transmission is planned.

Section 105.450

How to Test

IPATS is a five-step process for software developers.

a) *Step 1:* Filers must contact the Office of Electronic Filing,

b) *Step 2:* Filers must transmit the test returns from the IL-1347 test package using their electronic filing software,

c) *Step 3:* When the software developer has received acknowledgment files containing no rejected returns, contact the Office of Electronic Filing,

d) *Step 4:* The Department will review these successful test transmissions and provide feedback to the contact person.

   1) The Department will notify software developers if any additional errors are encountered.

   2) The software developer must have the software products corrected and retransmit affected returns to the Department after software corrections are made.[18]

   3) Software developers should expedite the   distribution of software updates to avoid the recurrence   of the same problem or error.

e) *Step 5:* The Department will notify filers when they have passed the IPATS test.

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16 Transmitters and software developers must use the assigned test password during testing. Participants in the IRS Federal/State Electronic Filing Program will transmit to the IRS for the department to retrieve.

17 Self-supplied returns can be tested also, if desired. However, all self-supplied returns must contain Social Security numbers in the range of 400-00-3500 to 400-00-3599, and a taxpayer last name beginning with at least five "T"s (*e.g.*, "TTTTTDOE"). You may use Social Security numbers and last names from the IL-1347 Test Package.

18 During testing, participants in the IRS Federal/State Electronic Filing Program will retransmit to the IRS for the department to retrieve.

Section 105.460
When to Test

a) The Department will begin accepting test transmissions on a specified date published each year.

b) Testing may continue after production processing has begun.[19]

Section 105.470
Acceptance

a) The Department will send applicants notification of acceptance to participate in the program after passing suitability and IPATS testing, if applicable. The transmitter's password for production processing will be enclosed.

b) Electronic return originators must verify that their software and transmission service have been accepted before accepting or transmitting production returns. Acceptance into the program is conditioned upon the use of accepted software and transmission services.

c) Transmitters must not accept electronic returns for transmission until they have been accepted and assigned a production password authorizing access to the Department's electronic filing system.

d) Software developers must not distribute their software until they have been notified of acceptance.

e) Accepted electronic filers can begin transmitting production returns to the Department on the same date each year as is set by the IRS for the transmission of federal returns. If there is a change in this date, all accepted participants will be notified.

f) Generally, the Department's electronic filing system is available 24 hours a day.

g) If the electronic filing system will be unavailable for any length of time, the Department will provide instructions to accepted participants.

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[19] Caution must be used to ensure that only the test password is used. Also, test returns must contain only Social Security numbers in the range of 400-00-3500 to 400-00-3599, and taxpayer last names beginning with at least five "T"s (*e.g.*, "TTTTTDOE"). Participants in the IRS Federal/State Electronic Filing Program must make special arrangements with the IRS first.

Subpart E: IL-8453 Illinois Individual Income Tax Electronic Filing Declaration

Section 105.500
Purpose

a) Form IL-8453 is the signature portion of the return. It must be completed and signed by all appropriate parties before the return is transmitted electronically. Form IL-8453 serves the following purposes:

1) Authenticates the return;

2) Serves as a transmittal for the associated non-electronic documents that will be stapled to the declaration and sent to the Department, when requested. Section 105.100(c) lists documents and forms to be attached to Form IL-8453;

3) Authorizes the electronic return originator to file the return electronically on behalf of the taxpayer;

4) Provides the taxpayer's written authorization to have the refund directly deposited or to pay any balance due by electronic funds withdrawal as designated on the form; and

5) Authorizes the Department to inform the electronic return originator, or the transmitter, that the taxpayer's return has been accepted or rejected. When rejected, authorizes the Department to identify the reasons for rejection.

b) Form IL-8453 does not serve as a power of attorney or as a substitute for the information required on the electronic tax return.

c) Form IL-8453 cannot be used to submit forms or schedules which are not listed in Section 105.100. Returns requiring forms that are excluded from electronic filing must be filed on a paper Form IL-1040.

Section 105.510
Instructions

a) Sequence of events and general information:

1) An electronic return originator prepares the return, computes the tax based on the information the taxpayer provides, and accepts the return for the purpose of electronic filing; or collects prepared tax returns for the purpose of electronic filing.

2) After the return has been prepared and before the return is transmitted electronically, the taxpayer must verify the information in the electronic portion of the return. In addition, the taxpayer must verify the information on Form IL-8453, including the routing transit and account numbers if direct deposit or electronic funds withdrawal is authorized, and sign the Form IL-8453. Both signatures are required on a joint return. A file copy of the prepared return must be provided to the taxpayer at the time of the signature. The copy should be retained by the taxpayer, and not be forwarded to the Department.

3) Practitioners are prohibited from allowing taxpayers to sign a blank tax return. A blank Form IL-8453 is the

Section 105.510 (cont.)

same as a blank tax return; therefore, electronic return originators are also prohibited from allowing taxpayers to sign a blank IL-8453.

4) After Form IL-8453 has been completed and signed by the taxpayer, the electronic return originator, and preparer (if applicable), the transmitter will send the electronic portion of the return to the Department in accordance with the file specifications in the IL-1346.[20]

5) By transmitting the electronic portion of the return, the electronic filer is confirming that the IL-8453 has been accurately completed and signed.

6) When requested, electronic filers must mail IL-8453s within 24 hours after receipt of written request from the Department.

7) Beginning on the first day of the electronic filing season, and daily thereafter throughout the filing period, the electronic return originator will retain IL-8453s unless otherwise requested by the Department. The electronic return originator must retain forms for all electronic returns that have been acknowledged as accepted by the Department.

8) If a return is acknowledged as rejected and cannot be retransmitted, the IL-8453 should be destroyed and any withholding forms and support documents should be retained to attach to a paper Form IL-1040.

9) Receipt of IL-8453s requested by the Department will be closely monitored. If an IL-8453 is missing 21 days after request by the Department, the electronic return originator will be contacted. If the electronic return originator does not provide the Department with a Form IL-8453 that includes the taxpayer's original signature, withholding forms, and support documents after the electronic return originator is contacted, the taxpayer will be notified.[21]

Note: If excessive contacts with the ERO are required to obtain missing Forms IL-8453, the ERO may be subject to suspension from the Illinois electronic filing program.

b) Completing and mailing Form IL-8453
1) The Declaration Control Number (DCN) is a 14-position serial number assigned to each electronic return.[22]

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[20] Participants in the IRS Federal/State Electronic Filing Program will transmit to the IRS for the department to retrieve.

[21] The taxpayer's account will be adjusted and they may be liable for penalties and interest.

[22] The IDOR uses the same DCN format as the IRS. Our DCN functions the same as the IRS DCN. Refer to IRS Publication 1345 for details regarding the structure of the DCN.

Section 105.510 (cont.)

The DCN must be clearly printed or typed (one position per box) in the spaces provided at the top of each Form IL-8453. The DCN must match the DCN of the accepted electronic return.[23]

2) Type or print the taxpayer's name, address, and Social Security number in spaces provided on Form IL-8453. The name, address, and Social Security number must be the same as the name, address, and Social Security number on the electronic IL-1040 return.

3) Tax Return Information must be completed. Enter only whole dollar amounts. These amounts must match the corresponding entries on the electronic IL-1040 return.

4) If the taxpayer authorizes to have their refund directly deposited or to pay any balance due by electronic funds withdrawal, direct deposit of refund or electronic funds withdrawal information must be completed. The direct deposit or electronic funds withdrawal information on Form IL-8453 must be the same as the direct deposit or electronic funds withdrawal information transmitted in the electronic IL-1040.

5) The Declaration and Signature of Taxpayer must contain the taxpayer's original signature(s). Electronic return originators must obtain the signature(s) from their clients prior to transmitting the electronic return to the Department. The electronic return originator will be contacted for missing taxpayer signatures on any IL-8453s received by the Department. If an IL-8453 providing original taxpayer signature(s) is not received after the electronic return originator is contacted, the taxpayer will be notified.
Note: If excessive contacts with the ERO are required, the ERO may be suspended from the program.

6) The Declaration and Signature of Electronic Return Originator and Signature of Paid Preparer must be completed and signed by the electronic return originator and the paid preparer. When the electronic return originator and the paid preparer are the same entity, the paid preparer box must also be checked. When the electronic return originator and the paid preparer are different, a copy of the IL-1040, signed by the preparer, must be attached to the IL-8453. A collector who is not the preparer of the return but collected the return for electronic filing (transmission) purposes must sign as the electronic return originator and date the declaration, enter the firm's name and address, enter the firm's FEIN, and provide the firm's telephone number. There is no requirement to provide a Social Security number in this case.

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[23] If an electronic return is rejected by the department, the retransmitted return can contain the same DCN previously assigned or a new DCN may be assigned. Be sure that the DCN assigned to the accepted electronic return matches the DCN on Form IL-8453.

Section 105.510 (cont.)

7) Forms W-2, W-2G, 1099-R, copies of other states' income tax returns (if applicable), and Form IL-1310 (if applicable) must be attached to the IL-8453.[24] The electronic return originator will be contacted if these attachments are missing from any IL-8453s received by the Department. If a replacement IL-8453 providing the missing attachments (originals or copies) is not received by the Department after the electronic return originator is contacted, the taxpayer will be notified. IRS or Illinois forms 4852, or any other substitute wage and tax statement, cannot be attached to the IL-8453 (or submitted later) in lieu of Forms W-2, W-2G, or 1099-R. (See Section 105.110(c), Exclusions from Electronic Filing.)

Note: If excessive contacts with the ERO are required to obtain missing attachments, the ERO may be subject to suspension from the Illinois electronic filing program.

8) IL-8453s, if mailed to the Department, should be secured by paper clip, rubber band, or string in quantities of 100 or less. They should be in ascending order by DCN. Each IL-8453 should consist of the non-electronic portion of the tax return as detailed in Section 105.100(c), Composition of an Electronic Return.

9) Mail in either envelopes or cartons to one of the addresses listed below:

Regular Mail
ILLINOIS DEPARTMENT OF REVENUE
ELECTRONIC FILING DIVISION
PO BOX 19479
SPRINGFIELD IL 62794-9479

or

Overnight Mail
ILLINOIS DEPARTMENT OF REVENUE
ELECTRONIC FILING DIVISION 2-249
101 W JEFFERSON ST
SPRINGFIELD IL 62702

Section 105.515

IL-8453 Retaining Program

a) Electronic filers who function as electronic return originators (EROs) as defined in Section 105.200(b) are authorized by the Department to participate in the IL-8453 retaining program, unless otherwise notified by the Department. Participation in the program allows EROs to maintain Forms IL-8453 and associated documents, rather than submitting them to the Department. Selected Forms IL-8453 may be periodically requested by the Department from participating EROs for monitoring purposes or for tax return processing.

b) EROs participating in the IL-8453 retaining program must:

1) Continue to accurately complete Forms IL-8453 according to Section 105.510. All Forms IL-8453 and associated documents retained are subject to the Department's right of inspection or production for Department review without prior notice.

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[24] It is **not** acceptable to submit Forms W-2, W-2G, or 1099-R generated from the tax information on the ERO's computer with Form IL-8453.

Section 105.515 (cont.)

2) Submit selected Forms IL-8453 and associated documents as requested by the Department. The Department's request will provide the ERO instructions for submission of requested forms.

c) Authorization to participate in the IL-8453 retaining program may be rescinded at any time if the ERO fails to provide requested Forms IL-8453, or if review of the forms provided reveal that the ERO is not in compliance with the requirements set forth in this Part. If an ERO's authorization to participate is rescinded, the ERO will be required to submit all Forms IL-8453 retained up to the time of notification that they will no longer be allowed to participate, and all future Forms IL-8453.

Section 105.520

Corrections

a) If the ERO makes changes to the electronic return after Form IL-8453 has been completed and signed by the taxpayer but before it is transmitted, the ERO must have the taxpayer sign a corrected Form IL-8453 if either of the following applies:
 1) The net income differs from the amount on the electronic return by more than $50; or
 2) The tax, the withholding amount, the overpayment amount, or total amount due differs from the amount on the electronic tax return by more than $14.

b) Non-substantive changes are limited to corrections within the above tolerances for arithmetic errors, transposition errors, misplaced entries, and spelling errors. The incorrect information should be neatly lined through on the Form IL-8453 and the correct data entered next to the lined through entry. Also, enter the initials or name of the person making the correction.

c) Dropping cents and rounding to whole dollars do not constitute substantive change or alteration to the return unless the amount differs by more than the above tolerances.

Subpart F: Balance Due Returns and Direct Deposit of Refunds

Section 105.600

*Balance Due
General Information*

a) The taxpayer is responsible for submitting payment of any balance due the Department. Electronic return originators must provide the taxpayer with Form IL-1040-V, IL-1040 Payment Voucher for Individual Income Tax, at the time the taxpayer signs the IL-8453 for the balance due return.

b) Electronic return originators must inform taxpayers with balance due returns that payment of taxes due must be made to the Department no later than April 15 of the filing year. Failure to make full payment by this date will result in the imposition of interest and penalties.

Section 105.602

*Electronic Funds
Withdrawal (Direct
Debit)*

~~Except for on-line electronic returns as described in Section 105.100(d), t~~The taxpayer may choose to make payment of the balance due on an electronic return by electronic funds withdrawal (direct debit) from a checking or savings account.

a) Authorization for electronic funds withdrawal is made by the taxpayer on Form IL-8453 by selecting the electronic funds withdrawal option and signing the form, or for on-line filing by selecting the electronic funds withdrawal option and providing the alternative signature as defined in Section 105.100(d).

b) Payment information must be included on Form IL-8453 and must also be transmitted within the electronically filed return for processing by the Department.

c) Taxpayers must provide electronic return originators with payment information as requested on Form IL-8453, and as indicated in the IL-1346 electronic filing specifications for the return.

d) Payment information required on the IL-8453 and within the electronic return includes but is not limited to:

   1) Routing transit number and account number of the account from which the taxpayer wants the withdrawal to be made;

   2) Checking or savings account indicator;

   3) Name on the account;

   4) The amount of the payment;

   5) The date the taxpayer wants the payment to be withdrawn. The withdrawal date can be as soon as the return is filed or a future date. For timely payment, the withdrawal date must be on or before the April 15 due date for payment of taxes. Otherwise, the withdrawal date cannot be later than October 15 of the year the return is due, and;

   6) Daytime phone number of the taxpayer.

e) The Department assumes no responsibility for accepted electronic funds withdrawals that fail or are paid late due to:

Section 105.602 (cont.)

1) Insufficient funds or the closing of an account;
2) Incorrect account or payment information provided by the taxpayer or any electronic filer on the IL-8453 or within the electronic return, or;
3) The refusal or inability of the financial institution to perform the withdrawal.

Section 105.605

Electronic Funds Withdrawal Responsibilities

Electronic filers who function as electronic return originators as defined is Section 105.200(b) must:

a) Prior to electronic filing of the return, caution taxpayers to verify that their financial institution supports electronic funds withdrawal (direct debit) requests;
b) Assure that the taxpayer provides all information needed for the electronic funds withdrawal. Routing transit and account numbers are best obtained from official financial institution records that contain the taxpayer's name and address, and;
c) Verify that the taxpayer's payment information on Form IL-8453 is correct, and assure that all the payment information entered on the form is accurately transmitted within the electronic return.

Section 105.610

Direct Deposit General Information

a) Qualifying taxpayers may authorize their tax overpayment to be directly deposited into their savings or checking account with financial institutions, rather than receive a paper refund check. The authorization must be made by providing the appropriate information in the electronically filed IL-1040 return and on Form IL-8453 (or equivalent).

b) The Department will ordinarily process an authorization for direct deposit, but reserves the right to initiate a paper refund check. The following conditions may cause the Department to not process a direct deposit:

1) Taxpayer owes back taxes, either individual or business (refund offset);
2) Taxpayer has certain state or federal delinquent debt, such as child support, student loans, *etc*. (refund offset);
3) Estimated tax payments reported on the return do not match the estimated tax payments recorded on the Department's master file;
4) Taxpayer is claiming an unallowable or improperly supported deduction or credit;
5) An electronic return is accepted with a valid Social Security number that belongs to another taxpayer; and
6) The account information received is not processable by the Department.

c) The Department is not responsible for the misapplication of a direct deposit that is caused by error, negligence, or malfeasance on the part of the taxpayer, electronic filer, financial institution, or any of their agents.

Section 105.620

Direct Deposit Responsibilities

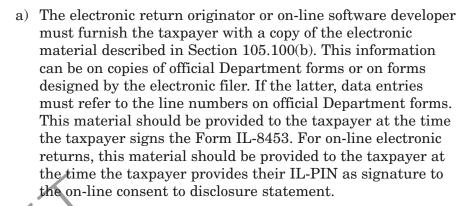Electronic filers who function as electronic return originators as defined in Section 105.200(b) must:

a) Assure that the taxpayer is aware of all the general information regarding a direct deposit;

b) Not charge a separate fee for direct deposit;

c) Accept any direct deposit authorization to any eligible financial institution designated by the taxpayer. For the purpose of direct deposit of tax refunds, eligible financial institution is defined as a state or national bank, savings and loan association, mutual savings bank, or credit union that accepts direct deposits (sometimes called electronic funds transfers). "State" includes all states in the United States and their political subdivisions, and the District of Columbia.

d) Assure that the taxpayer qualifies for direct deposit. To qualify for direct deposit a taxpayer must provide to the electronic return originator proof of account from the financial institution that the taxpayer designates to receive the direct deposit. The account specified to receive the direct deposit must be in the taxpayer's name.

e) Obtain proof of account from the taxpayer. Acceptable proof of account is a check (a photocopy is acceptable) or a form, report or statement generated by the financial institution. A deposit slip is not an acceptable proof of account. The proof of account document must contain the following preprinted information:
   1) Account name (name as on the account in the records of the financial institution);
   2) Account number;
   3) Name of financial institution or branch name; and
   4) Routing transit number (RTN) of the financial institution.

f) Verify that the taxpayer's direct deposit information on Form IL-8453 is correct, and that the information entered is the information that is transmitted in the electronically filed IL-1040; and

g) Caution the taxpayer that once the electronic return has been acknowledged as accepted by the Department, the direct deposit authorization cannot be rescinded, nor can changes be made to the routing transit number of the financial institution or the taxpayer's account number.

Subpart G: Information Electronic Filers Must Provide to the Taxpayer

Section 105.700

Information and Material to be Provided to the Taxpayer

a) The electronic return originator or on-line software developer must furnish the taxpayer with a copy of the electronic material described in Section 105.100(b). This information can be on copies of official Department forms or on forms designed by the electronic filer. If the latter, data entries must refer to the line numbers on official Department forms. This material should be provided to the taxpayer at the time the taxpayer signs the Form IL-8453. For on-line electronic returns, this material should be provided to the taxpayer at the time the taxpayer provides their IL-PIN as signature to the on-line consent to disclosure statement.

b) The electronic return originator must also provide the taxpayer with a copy of the entire non-electronic portion of the return.

c) In addition, the electronic return originator should advise the taxpayer to retain copies of the following materials:
   1) Their copy of Forms W-2, W-2G, or 1099-R;
   2) Any other documents that are not required by the Department, but are voluntarily being included with the return by the taxpayer as supporting material; and
   3) A copy of the signed Form IL-8453 including required attachments.

d) Electronic return originators or on-line software developers should advise taxpayers that their electronic returns will be processed by the Department and the taxpayer's copy should not be forwarded to the Department. However, amended returns, if needed, must be filed as paper returns and mailed to the Department.

e) If a return is rejected and cannot be successfully retransmitted, the electronic return originator must immediately advise the taxpayer that the return was not electronically filed and the taxpayer must file a paper IL-1040 return.

f) The electronic return originator or on-line software developer should advise the taxpayer to wait six to eight weeks from the acknowledgment date before making an official inquiry about his refund. After this time has elapsed, the taxpayer can contact the Department's Taxpayer Assistance Office or visit our W~~w~~eb site at tax.illinois.gov.

g) Taxpayers generally contact the Department if they have not received their refund within eight weeks. The taxpayer may be asked for the DCN of the return and the date the Department acknowledged the return as accepted. The electronic return originator **must**, upon request, provide the taxpayer with this information.

Subpart H: Transmission Procedures

Section 105.800

Overview of Transmission Procedures

While several states require the transmission of the state tax return only after the federal return has been accepted, the Department does not have this requirement.[25]

Section 105.810

Acknowledgment of Electronic Returns

a) Each file of electronic returns transmitted to the Department will normally be acknowledged within 24 hours of receipt.[26]

b) The acknowledgment file identifies which returns have been accepted or rejected. The acknowledgment files must be retrieved within five days. If they are not, the Department will contact the transmitter.

c) If the acknowledgment file is not available within 36 hours, or if acknowledgments are received for returns that were not transmitted within the designated transmission, the transmitter should immediately contact the Office of Electronic Filing for assistance.

d) The transmitter should match the acknowledgment file back to the original file transmitted.

Note: Any transmitted electronic return that is acknowledged as rejected by the Department will not be considered a filed return.

e) When a return has been rejected after three attempts, the transmitter should contact the Office of Electronic Filing and assistance will be provided.

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[25] For further details regarding transmission procedures, see Part 3, Transmission of the Electronic Return.

[26] Acknowledgment files for returns retrieved from the IRS will normally be available within 24 hours of retrieval.

Subpart I: Advertising Standards

Section 105.900

Advertising Restrictions

a) Participants in the program agree to comply with the advertising and solicitation provisions of 31 CFR, Part 10 (Treasury Department Circular No. 230). This circular prohibits the use in any way, or participation in the use, of any form of public communication containing a false, fraudulent, misleading, deceptive, unduly influencing, coercive, or unfair statement or claim. The prohibition includes, but is not limited to, statements pertaining to the quality of services rendered unless subject to factual verification, claims of specialized expertise not authorized by the State or federal agencies having jurisdiction over the electronic filer, and statements or suggestions that the ingenuity and/or prior record of an electronic filer rather than the merit of the matter are principal factors likely to determine the result of the matter. In addition, advertising must not imply a special relationship with the Department.

   Note: Use of the Department's name, "Illinois Department of Revenue" or "Department", within a firm's name may result in immediate suspension from the program.

b) The use of improper and/or misleading advertising in relation to the program is grounds for suspension.

c) The Department will monitor advertising and practices of electronic filers for consistency with the Department's requirements as stated in this Section.

Section 105.910

Media Communications

Communications, including fee information, are limited to professional lists, telephone directories, print media, permissible mailings, radio, and television. In the case of radio and television broadcasting, the broadcast must be pre-recorded and each recording retained by the participant until the end of the processing year.

Section 105.920

Endorsement

The Department does not endorse participants. Acceptance to participate in the program does not imply endorsement of the software or quality of services provided. Therefore, any public communication in which a participant's electronic filing capabilities are referenced, whether through publication or broadcast, must clearly indicate that the Department's acceptance of the participant for electronic filing does not constitute an endorsement or approval of the quality of tax preparation services provided.

Subpart J: Monitoring and Suspension

Section 105.1000

Monitoring

a) The Department will monitor advertising and other practices of electronic filers. If the situation warrants, the Department will issue a warning letter describing specific corrective action for deviations from advertising standards, as described in Subpart I of this Part, or other practices. If the deviation is not corrected, a letter of suspension will be issued. In extreme cases, a filer can be suspended immediately from the program without a warning letter. The suspension will remain in effect until the Department determines that the deviations have been corrected.

b) The Department will monitor the timely receipt, completeness and legibility of Forms IL-8453 requested and received. If requested forms are not received or if the forms received are consistently late, incomplete or inaccurate, the electronic filer will receive a warning from the Department or, in extreme cases, a letter of suspension from the program.

c) The Department will monitor the quality of filers' transmissions and returns throughout the filing season. If the quality is unacceptable, the electronic filer will be contacted and may receive a warning from the Department or, in extreme cases, a letter of suspension from the program.

d) The Department will also monitor complaints about electronic filers and issue warning or suspension letters as appropriate.

Section 105.1010

Suspension

The Department reserves the right to suspend the electronic filing privilege of any electronic filer who varies from the requirements, specifications, and procedures stated in this Part, or who does not consistently transmit error-free returns. When suspended, the electronic filer will be advised of the requirements for reinstatement into the program. The following conditions could lead to warning letters and/or suspension from the program. This list is not all-inclusive:

a) Conviction of any criminal offense arising from a violation of the Illinois tax statutes or the revenue laws of the United States, or any offense involving dishonesty or breach of trust;

b) Failure to file timely and accurate tax returns, both business and personal;

c) Failure to pay personal or business tax liabilities;

d) Assessment of penalties under any of the provisions of the Illinois Income Tax Act;

e) Suspension/disbarment from practice before the IRS;

f) Material misrepresentation on an application;

g) Unacceptable format quality of individual transmissions;

Section 105.1010 (cont.)

h) Unacceptable error rate;

i) Violation of advertising standards;

j) Unethical practices in return preparation;

k) Untimely receipt, illegible, missing or inappropriate substitutes of Forms IL-8453 requested or received by the Department;

l) Stockpiling returns prior to official acceptance into the program or at any time while participating in the program;

m) Failure of transmitters to provide clients with acknowledgment files within 24 hours of receipt from the Department;

n) Significant complaints about an electronic filer.

Part 2
Direct Deposit Information

Note: Specific direct deposit information is also included in Part 1, Sections 105.230, 105.500, 105.510, 105.610, and 105.620. This information should be reviewed along with the following information to assure complete compliance with direct deposit requirements.

Detailed Information

a) Qualifying taxpayers may authorize their tax overpayments to be directly deposited into their checking or savings accounts with financial institutions, rather than receive paper refund checks by mail. They may split their overpayment and have part applied to their next year's estimated tax and the remainder either refunded by check or deposited directly into their financial institution account. However, taxpayers cannot split their overpayment between a refund check and a direct deposit.

b) The authorization for direct deposit is voluntary and must be renewed by the taxpayer each year.

c) Direct deposit refunds are electronically transferred to taxpayers' financial institution accounts. These transfers are handled by the Office of the Comptroller.

d) The department does not guarantee a specific timeframe by which a refund will be directly deposited into a taxpayer's account. Generally, direct deposit transactions should clear within twenty-one calendar days after filing date.

e) The department will not generate notices to taxpayers to confirm direct deposits.

f) The electronic return originator (ERO) must assure that the Form IL-8453 direct deposit information is complete and accurate, and matches the information transmitted in the electronically filed IL-1040. The routing transit number of the financial institution designated must contain nine digits, and the first two digits must fall within the valid ranges of 01 through 12 or 21 through 32.

g) The account specified to receive the direct deposit must be in the taxpayer's name and must be a checking, share draft, savings, or other consumer asset account (*e.g.*, an IRA or money market account) held by a financial institution within the United States and established primarily for personal, family or household purposes. It may not be a credit card account. Only financial institutions, as defined, may be designated to receive direct deposit of tax refunds. Some financial institutions do not permit the deposit of a joint refund into an individual account. The department is not responsible for a financial institution's refusal to accept a direct deposit for this reason. If necessary, verify the financial institution's policy prior to filing.

Detailed Information (Cont'd)

h) The taxpayer must show the ERO proof of account from the financial institution that the taxpayer designates to receive the direct deposit.

Processing by the Department

a) The department verifies the direct deposit data on electronically filed IL-1040 returns by:

1) Verifying that all direct deposit fields in the electronically filed IL-1040 record are present.

2) Checking to make sure the depositor account number has not been used on more than two previously filed electronic IL-1040 returns.

3) Verifying that the RTN is 9 numerics, and that the first two positions equal 01 through 12 or 21 through 32.

4) Verifying that the RTN is present and valid, and that the financial institution processes electronic funds transfers.

b) Direct deposit data that does not meet all of the above criteria will not be processed by the department.

Part 3
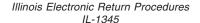# Transmission of the Electronic Return

Dial-up Transmissions via ZMODEM Protocol

Communications Requirements

a) These procedures are in effect currently. The department may find it necessary to alter procedures in the future to adapt to changing conditions.

b) Asynchronous data communications will come through the Public Switched Telephone Network to the department's communications processor in Springfield, Illinois.

c) Asynchronous transmission files can be compressed using PKZIP or WINZIP. This option will reduce transmission times by 30 percent to 80 percent.

d) Asynchronous data communications options:

1) Character code:

   ASCII only

2) File Transfer protocol:

   ZMODEM only (32-bit CRC error detection with 1K data subpackets)

3) Modem speed:

   A) Minimum 2400 bps
   B) Maximum to 51200 bps

4) Modulation:
   A) V.90 56 Kbps

   B) V.FC

   C) V.34 33.6 Kbps

   D) V.32 and V.32bis

   E) V.22bis

5) Error control:
   A) V.42

   B) MNP 2-4

6) Data compression:
   A) V.42bis

   B) MNP5

e) ~~Internet file transmission via HTTPS Post protocol using Secure Socket Layer (SSL) encryption has recently become available. Interested transmitters should contact the Electronic Filing Section at 217 524-4767.~~

Communications Requirements (Cont'd)

f)e) Other support may be provided. Contact the Electronic Filing Division at 217 524-4767 for specific requests.

Overview of Transmission Exchanges

a) A transmission session is initiated when the transmitter dials the appropriate telephone number. The department's communications processor will respond:
   1) ILLINOIS DEPT OF REVENUE SYSTEMS UNAUTHORIZED USE MAY RESULT IN CIVIL AND/OR CRIMINAL PENALTIES
   2) ENTER YOUR PASSWORD:

b) The transmitter sends the assigned ETIN and password. There should be no spaces between the ETIN and the password, and all alpha characters must be capitalized.

c) If the ETIN and password are correct, the department's communications processor will respond:

   ARE YOU READY TO RECEIVE ACKNOWLEDGMENTS?

d) Individual IL-1040 direct transmitters must respond "Y" or the department's communications processor will disconnect.

e) If the transmitter responds with a "Y", the department's communications processor will respond:

   YOU HAVE 120 SECONDS TO BEGIN RECEIVING ACK FILE.
   1) If the transmitter has previously sent files, all acknowledgment files not sent previously will be sent before another file can be transmitted to the department. ***Note***: All files are kept on the system for five days.
   2) If the transmitter has no acknowledgment files from a previous session, the department will transmit a standard "DUMMY" acknowledgment file.

f) After successful transmission of the acknowledgment file, the department's communications processor will respond:

   1) ACKNOWLEDGMENT FILE TRANSMISSION COMPLETE.
   2) EFS READY TO RECEIVE.

g) If the transmitter does not have a file to transmit, the transmitter should disconnect from the department's communications processor. Otherwise, the transmitter should begin transmission of the file.

h) A transmission file must consist of no more than 500 electronic returns. Fixed format data will take a longer amount of time to transmit than variable format data. If more than 500 returns are ready to be transmitted, they must be sent in separate transmissions.

i) Aborted transmissions must be restarted from the beginning.

Overview of Transmission Exchanges (Cont'd)

j) After successful receipt of the transmission, the department's communications processor will respond:
1) TRANSFER COMPLETE.
2) BBS NUMBER = x
    MODEM NUMBER = x
    aaaaaaaa.aaa<-FileName1.ext~~FILE NAME = aaaaaaaa.aaa~~
3) PLEASE HANG UP.

k) The department's communications processor will then disconnect.

Internet Transmissions via HTTPS POST Protocol

a) These procedures are in effect currently. The Illinois Department of Revenue (IDOR) may find it necessary to alter procedures in the future to adapt to changing conditions.

b) Files may be transmitted to and from the IDOR Gateway server via the Internet using Secure Socket Layer (SSL) technology. File transmission must use the HTTPS POST method. This type of transmission provides secure data exchange by strongly encrypting the data stream in both directions according to the SSL protocol.

c) The Illinois Department of Revenue has a utility program available to transmitters that can send files via HTTPS POST. Transmitters may use this program without charge. The utility runs on Microsoft Windows operating systems. Transmitters may also write their own software if that is preferred.

d) Transmissions to the Gateway require a modern high speed Internet connection. High bandwidth Internet connections, such as a T1 line or DSL, are preferred; although slower 56K modem connections can be used provided that the connection to the Internet service provider is of high quality and some-what above the 28.8 K-baud range. Noisy phone lines or transmission speeds below this range are not reliable. Transmissions should be posted to the following URL:

https://biz.revenue.state.il.us/il/gateway .

e) Before users can transmit files, they must register with the Illinois Department of Revenue to obtain a login I.D. and password. Users who have transmitted in the past by ZMODEM should already have a login I.D. and password.

***Internet Transmissions
via HTTPS POST
Protocol (Cont'd)***

f) The Gateway conforms to standard HTTP protocols. For fuller documentation regarding the HTTP specification in general, refer to the World Wide Consortium web site at the following URL:

http://www.w3c.org .

In particular, for documentation regarding the HTTP protocol, see:

RFC 2616: Hypertext Transfer Protocol – HTTP/1.1 at URL: ftp://ftp.isi.edu/in-notes/rfc2616.txt .

For documentation regarding HTTP authentication protocols, see:

RFC 2617L: HTTP Authentication: Basic and Digest Access Authentication at URL: ftp://ftp.isi.edu/in-notes/rfc2617.txt

g) The Gateway uses basic authentication, which is made secure by the SSL encryption. The login I.D. and password are applied to the HTTP transmission headers in the form of a standard basic authentication header. The SSL protocol guarantees that the I.D. and password are also encrypted during transmission. As is standard practice, the basic authentication header must be base-64 encoded. The Gateway supports both challenge-response and pre-emptive authentication.

h) The Gateway adheres to the following practices:
   1) All transmissions or requests to the Gateway occur in a single request-response HTTPS session.

   2) No cookies are placed on the users' computers. No session tracking is required, and as a result, cookies are not needed.

   3) Only one file may be transmitted per session. To enforce this rule, the Gateway does not allow MIME attachments. One consequence of this is that transmitters cannot use the HTML forms transmission protocol built into most web browsers, as these automatically generate MIME headers.

Internet Transmissions via HTTPS POST Protocol (Cont'd)

i) Required HTTPS Transmission Headers:

The following shows an example of a complete HTTP POST transmission including all HTTP transmission headers:

POST /il/gateway HTTP/1.0
Host: biz.revenue.state.il.us
Authorization: Basic MQBxWrS7hmQ3V4ly *(Base64 encoded)*
Accept: text/plain, text/html, text/xml
User-Agent: *(optional header)*
X-Transmit-ID: doc1
Content-Type: text/plain
Content-Length: 97
****
The transmitted file goes here.
****

This example shows the presence of an authorization header with a value given as a base-64 encoded user I.D. and password. Also, as shown, transmitters must supply a "Content-Length" header for file uploads giving the byte-size of the transmitted file. The Gateway uses this value to verify that the number of bytes received matches what the transmitter actually intended to send. It is the responsibility of the transmitter to make sure this value accurately reflects the size of the file being transmitted.

The HTTP transmission headers must also include one extended header named "X-Transmit-ID". This header governs the action of the Gateway. The header has two reserved values – "NewAck" and "LastAck". These values are not case sensitive. A value of "NewAck" will cause the Gateway to return all available acknowledgment files in the HTTP response stream. These files will be concatenated together into one big file, and, depending on the type of acknowledgements being returned, may or may not contain file separators. A value of "LastAck" given to the "X-Transmit-ID" header will cause the Gateway to re-transmit all acknowledgment files that were transmitted the last time the "NewAck" request was sent to the Gateway. Any other value of the "X-Transmit-ID" header will cause the Gateway to expect to receive a transmission from the user. This value will be echoed back to the user at the end of the transmission in an acknowledgment receipt response as explained in the next section.

Internet Transmissions
via HTTPS POST
Protocol (Cont'd)

j) Gateway Responses:

As stated above, the Gateway responds by transmitting all available acknowledgment files when the transmitter issues a request via the "X-Transmit-ID" extended header. This type of response will always include a "Content-Length" HTTP transmission header giving the exact number of bytes being returned. The transmitter should always verify that the number of bytes received matches exactly the number of bytes given in this "Content-Length" header.

In addition to returning acknowledgment files to the transmitter, the Gateway provides a number of feedback responses when files are received. If a transmitter sends a file with normal completion, the Gateway will respond with an acknowledgment receipt, called an Ack-One receipt. A typical example of an Ack-One response is as follows:

HTTP/1.1 200 OK
Content-Type: text/plain
Content-Length: 231
Date: Tue, 09 Dec 2003 21:47:19 GMT
Server: Apache Coyote/1.0
Connection: close

Illinois Department of Revenue Acknowledgement One
    1. ETIN = 99999
    2. TransmissionIDNumber = doc1
    3. TransmissionTimeStamp = 12/09/2003 03:47:19 pm
    4. FileSize = 97
    5. SysFileName = T9999920031209154719146.343

This is the standard response to a successful file transmission and shows the time and date the department received the file. A transmission should not be considered successful unless an Ack-One response is received. The data given shows the received file size and also the value of the "X-Transmit-ID" header, labeled as TransmissionIDNumber". This value is returned to the transmitter as a convenience in file tracking. Please keep in mind that the Ack-One response only confirms file "receipt" and not file "acceptance". It is the user's responsibility to pick up acknowledgment files at a later time to use to verify if the transaction/s were accepted or rejected.

The Gateway also returns two error responses. In case of an incorrect user I.D. or password, the Gateway will respond with an HTTP status code of "401: Unauthorized" value in the HTTP status code line of the response stream. Likewise, in cases during which some of the department's systems may

Internet Transmissions via HTTPS POST Protocol (Cont'd)

be down, the Gateway will respond with an HTTP status code of "503: Service Unavailable".

k) Hours of Availability
The Gateway is available to transmitters seven days a week, except during the time from 11:15 pm to 12:30 am each day. This system down-time is required for scheduled system maintenance.

l) Error Recovery/Problems/Backups
Vendors must be able to recreate either an entire transmission or particular batches upon request. When errors are found, the batches must be corrected and re-transmitted within 24 hours.

If you are having a problem that seems to be caused by hardware or software failure on our end, call Terry Dill during normal working hours.(Contact Information below).

If the problem occurs after normal working hours, call Computer Operations (see Contact Information below), identify yourself as an electronic transmitter, and explain what is wrong. They will try to correct the problem and/or contact someone who can help you.

If the problem can't be solved within a reasonable amount of time, you may be required to send the data to us by courier on magnetic media or compact disk. This should be in the same format as the Electronic Data Transmissions without encryption and/or PKZIP.

m) Contact Information
1) Communication questions, hardware or software failures on our end:
ELECTRONIC COMMERCE SUPPORT
7:30 A.M. – 4:00 P.M (Monday - Friday, except for legal holidays)
* Chuck Bowman (HTTPS transmission problems) – (217) 785-5589
* Terry Dill – (217) 782-3791
* Mary Thomas (backup) – (217) 524-0518

2) Hardware or software failure after hours or on holidays:
COMPUTER OPERATIONS
24 hours a day/7 days a week, except Thanksgiving, Christmas, and New Year's Day
(217) 782-8622